

**Speech of Shri Nitish Kumar
Introducing the Railway Budget
for 2002-2003, on 26th February 2002**

Mr. Speaker

Sir, I rise to present the Budget Estimates for 2002-2003 for the Indian Railways.

Introduction

2. The year 2002-2003 will mark the 150th year of Railways' dedicated and glorious service to the nation. In these years, the organisation has grown from a mere 32 km to a vast network of more than 62 thousand route kilometres. In its long years of service to the nation, the organisation has, at various times, faced difficult and different challenges, but with the help of its built-in resilience, overcome all of them. At all times, during peace and war, droughts and flood, national calamities or peak time requirements, Railways and Railwaymen have never been found wanting. We will be celebrating the 150th year of the Indian Railways in a befitting manner and also use the opportunity to boost tourism, especially by rail.

3. To meet the requirements of its users, be it freight or passenger or other subsidiary services, Railways have, at different times, instituted many policy changes and have carried out capacity expansion and modernisation works and are fully geared to meet the transportation challenges ahead.

4. Winds of change are blowing across the country's economic scenario and Indian Railway being the backbone of Indian economy, also needs to change to meet the current economic challenges. We are addressing ourselves to this need and have initiated a number of steps in this direction. This process will continue in the current year and in the subsequent years of the X Plan. However, we have to be cautious and cannot follow an extreme path. We have to learn from the experience of other countries both from their failures as well as their successes. We have to take a course, which would mean changes in the crucial areas while maintaining continuity.

5. In this Budget, therefore, I will not merely address the next fiscal but would also attempt to provide a route map for the Indian Railways. The focus will, therefore, be on policy initiatives, directed towards our long-term objectives. A Status Paper was presented to this House in May, 1998, outlining the issues facing the Indian Railways. Taking note of the changing scenario this is being updated, and will be presented to the Parliament in the current session.

6. Transportation throughput has increased from 73.2 million tonnes in the year 1950-1951 to approx. 489 MT in the 2001-2002. Passenger kilometres have increased from 66,517 million in the year 1950-1951 to 473,461 million in 2001-2002. As against this, the increase in the number of route km of railway line has lagged behind, increasing by only 9,432 km during the last 50 years. It will be my effort to give a thrust to expansion of the network during the X Five Year Plan period. In this endeavour, I am confident that I will get the whole-hearted support of the House.

7. In addition to the capacity augmentation that has already taken place in the form of doubling of the intensively used corridors and technological upgradation in traction and signaling, we propose to target addition of broad-gauge lines by way of new lines, gauge conversion or by doubling to the extent of 5,000 km during the X Five year Plan. We also propose to give a thrust to strengthening of the golden quadrilateral and diagonals connecting the four metros.

8. We are seeking the active cooperation and participation of several non-Railway agencies in this effort. This includes entering into funding arrangements with the State Governments, other Ministries and private parties.

Financial Performance in 2000-2001

9. Now, I will go on to a brief review of the financial performance of the year 2000-2001 and also of the current year.

10. The freight loading achieved in the year 2000-2001 was 473.50 million tonnes, which was fairly close to the budgeted target of 475 million tonnes, the minor shortfall being on account of a slow down in the economy having set in the last quarter of the financial year. However, on account of lower lead of traffic of certain commodity groups, the freight earnings fell short of the Budget Estimates by Rs 303 cr. On the other hand, the passenger segment did well, resulting in Passenger Earnings exceeding the budget estimates by Rs 367 cr. The Sundry Other Earnings, however, fell short of Rs 714 cr. mainly due to non-materialisation of non-traditional source of earning from 'Leasing of Right of Way of Optical Fibre Network'.

As a result, the overall earnings fell short by Rs 742 cr. and with an accretion of Rs 407 cr. to the Railways' dues in traffic suspense, instead of a budgeted clearance of Rs 500 cr., the Gross Traffic Receipts of the Railways fell short of the Budget Estimates by Rs 1,649 cr.

11. With continuing endeavour to contain revenue expenditure, the Railways were able to reduce the Ordinary Working Expenses by Rs 581 cr. from the Budget Estimates of Rs 28,115 cr., even after absorbing various post-budgetary factors. However, the overall shortfall in internal generation of resources resulted in the budgeted plan expenditure of Rs 11,000 cr. being reduced to Rs 9,395 cr. The net revenue of Railways was found sufficient to pay dividend only to the extent of Rs 308 cr. against Rs 615 cr. budgeted, after deferment of Rs 1,500 cr.

Review of Financial Performance in 2001-2002

12. In anticipation of a revival in the economy, Railways set an optimistic target of 500 million tonnes of revenue earnings freight traffic for 2001-2002 i.e. a growth rate of 5.65%. However, due to continued economic slow down, the freight traffic remained stagnant for first 5 months of the financial year, but with resurgence thereafter and Railways' marketing efforts, we now hope to carry 489 million tonnes of revenue earning freight traffic by end of the year. As a result of this shortfall, estimates of goods earnings have been revised downwards from Rs 25,235 cr to Rs 24,610 cr. Passenger earnings are showing a steady progress and, therefore, have been kept at Rs 11,400 cr i.e. marginally higher than the Budget Estimates of Rs 11,387 cr. The Other Coaching Earnings have also been increased by Rs 10 cr in the Revised Estimates. The expected revenue from non-traditional source of 'Leasing of Right of Way for Optic Fibre Cable Network', will not materialise and Sundry Other Earnings have, therefore, been reduced from Rs 1,717 cr of Budget Estimates to Rs 900 cr in the Revised Estimates. Taking into account the continuing increase in unrealised earnings of the Railways, the budgeted Gross Traffic Receipts of Rs 39,939 cr has reduced to Rs 37,720 cr in the Revised Estimates.

13. As a result of the vigorous efforts made by the Railways to control expenditure, it is estimated that there would be a saving of Rs 1,090 cr in the Ordinary Working Expenses in the current year. Accordingly, these have been kept at Rs 29,100 cr in the Revised Estimates as against Rs 30,190 cr of Budget Estimates. However, despite this, the internal generation of resources is likely to fall short of the budgeted target by Rs 888 cr, on account of the shortfall in receipts.

14. The Government has also extended an additional budgetary support of Rs 898 cr during the current year for accelerated progress of certain selected projects. The budgeted investment in BOLT and Own Your Wagon Schemes is, however, unlikely to materialise during the year. Taking this into consideration, the annual plan investment for the year comes to Rs 9,457 cr, compared to Rs 11,090 cr in the Budget Estimates. Taking into account the additional amount of Rs 1,400 cr approved by Parliament towards the Special Railway Safety Fund, the total plan expenditure works out to Rs 10,857 cr.

Safety

15. Sir, safety has been a matter of concern to each and every member of this House, and Railways consider this a subject of paramount importance. The tragic accident on the Kadalundi Bridge in June 2001 has brought this issue into even greater focus. The Railway Safety Review Committee headed by Justice H.R.Khanna in its report had recommended that over-aged safety related assets of Indian Railways needed to be replaced or renewed speedily. The requirement of funds for these replacements was assessed at Rs 15,000 cr.

16. This year, with the directions of our Hon'ble Prime Minister and the support of the Hon'ble Finance Minister, a Special Railway Safety Fund of Rs 17,000 cr has been set up including due allowance for inflation, for clearing the backlog of replacement of over-aged assets over the next six years. This Fund is being credited by budgetary support of Rs 12,000 cr over a six year period and the balance Rs 5,000 cr is being raised by the Railways through a safety surcharge levied on passengers with effect from the 1st October 2001. The safety related works expected to be executed through this Fund include the renewal of nearly 17,000 km of track, rebuilding of over 3000 bridges, replacement of signaling gears at almost 950 stations, replacement of rolling stock and investment in safety enhancement aids.

17. The work has already started. Members would recall that, in the last winter session, a supplementary demand for Rs 1,400 cr, for expenditure out of this Fund for the current year, was approved by this House. The supplementary demand was accompanied by a supplementary list of works (Green Book) listing the works to be taken up.

18. I have discussed the issue of safety with the staff federations, who are also taking initiative for conducting safety awareness drive among employees.

19. The Konkan Railway Corporation has developed an Anti collision Device named as "Raksha Kavach" based on satellite-based Global Positioning System (GPS), which was dedicated to the nation on the 15th Oct. 2001. It is designed to prevent collisions between trains. On successful completion of the extended trials that have been commissioned, these would be introduced on the whole system. It is expected that this measure will contribute significantly towards increasing safety in trains operations.

20. Indian Railways and Bhilai Steel Plant of Steel Authority of India Limited are also planning together to produce longer rails i.e. 26 metre and 65 or 78 metre, instead of the conventional 13 metre length to reduce number of welds in the track.

21. To improve the crash worthiness of coaches, as an immediate measure, coach interiors are being re-designed with improved fittings and features, which would not cause injury. Production of such improved coaches will commence during the year 2002-2003. Simultaneously, the coach body will be re-designed to absorb more impact so as to keep passenger carrying areas intact

Security

22. Across the length and breadth of the country the Railway track is a visible symbol of the Government. Being a state owned asset it becomes a ready target for any terrorist, agitationist or extremist, desirous of making his presence felt. As far as maintenance of law & order and control of crime in Railway premises including running trains and track network is concerned, it is the responsibility of the State Governments. In view of countrywide concern regarding Railway security, a proposal for amending the RPF Act and Railway Act to empower the RPF is under consideration so that in case of need they could also play a role in providing security to passengers on running trains and station premises. The attempt also is to maintain better liaison and coordination with State police authorities.

Policy Initiatives taken during the year

23. In our continuing effort to make the Railways serve the interests of the country better, we have been working to take measures for increasing efficiency, reducing expenditure, attracting capital for much needed investment in infrastructure and for increasing our revenue. It would be relevant to mention some of the initiatives taken in these directions.

24. More autonomy has been given to the zonal railways by delegating enhanced financial powers to the General Managers for acceptance of tenders. Simultaneously, procurement of 45 items out of 60 that were being earlier procured centrally by the Ministry has been decentralised. This would ensure that General Managers would be able to decide locally and quickly on procurement and other tenders, which will improve efficiency.

25. Port connectivity, especially for the new ports is being provided either by the port authorities themselves or by cost sharing between the Railways and the port authorities. The rail connectivity for the Adani and Pipavav Ports in Gujarat are examples of this cooperation.

26. Cost sharing for suburban systems in Mumbai, Chennai, Kolkatta and Hyderabad is already being done between the Railways and the State Governments. I am happy to inform the House that under the aegis of K-Ride and in pursuance of the MOU signed earlier, SPVs are being formed for expediting completion of identified projects in Karnataka. An MOU has also been signed with Government of Jharkhand only this month in which the Government of Jharkhand has agreed to bear 2/3rd of the share in the cost of projects in that State for their expeditious completion and we are also going to sign a similar agreement with the Government of Karnataka for time bound completion of some projects identified by them.

27. We have recently entered into an MOU with the National Thermal Power Corporation to explore the possibility of setting up captive thermal power plants for the Railways to reduce expenditure on the electric energy bill.

Initiatives towards Improving Share in Freight Traffic

28. With a view to provide an integrated freight booking and handling facility to customers, a policy to encourage management of freight rail terminals by private entrepreneurs has been formulated. A pilot project at Garhaharsaru near Gurgaon where a private terminal has been set up is being operationalised.

29. In order to provide value addition in rail transport service to the customers and to reduce their overall logistics cost, it has been decided to encourage setting up of warehousing facilities near rail terminals by State owned Corporations and private parties. A pilot scheme is being undertaken at Whitefield

in Bangalore.

Parcel

30. I am happy to announce that the Railways intend to introduce high speed refrigerated parcel vans to move perishables such as fruits and vegetables across the country to help farmers get better prices for their produce.

Projects

31. Sir, as I have mentioned earlier a major focus for the Railways will be the augmentation of capacity on the saturated golden quadrilateral and its diagonals, which will require doubling of the single line patches, third and fourth line in some stretches, electrification of un-electrified areas and grade separation of busy level crossings and up-gradation of track and wagons for running freight trains at 100 Km/h. A comprehensive project for this purpose is being formulated with a view to explore other sources of funding.

32. As the House is fully aware, the Railways have a large shelf of on going projects under the Plan head New Lines and Gauge Conversion. While the availability of resources is limited, the aspirations of the people, which is also reflected in the requests made by Hon'ble Members of Parliament and State Governments, calls for expediting the progress of these projects.

33. Hon'ble members have frequently complained that the allocation of funds for railway projects to different states is not equitable. To meet this perceived sense of injustice, I have decided to allot funds for the planheads New Lines, Doubling, Gauge Conversion, Electrification etc. for projects in different states based on a clear and transparent formula, so that the available resources are distributed in a manner which can be considered fair and just. For this purpose, I have considered 3 major criteria viz, the area of the state, the population and the throwforward of projects in states. Weightage given to these 3 criteria is in the ratio 15%, 15% and 70% respectively. Based on this, the percentage share of the 'available funds' to different states has been calculated.

34. The 'available funds' for this allotment is calculated as follows. Of the budgetary support available for capital expenditure, approximately 70% is kept for projects. From this 70%, allocation is first made for works in the North East States, which has to be 10% of the total, funds required for MTP projects, mega bridges and Railway's share of projects in which States have contributed a 2/3rd share as being given by the State of Jharkhand. The balance constitutes the 'available funds' which has been distributed to different states on the basis of the formula worked out.

35. Sir, the House will agree that allotment of projects funds has, therefore, been made in a transparent and fair manner and there will no longer be a perceived sense of inequity and adhocism.

36. Sir, construction of mega bridges also has to be given priority as they provide strategic linkages and also where work needs to progress steadily once started. The work of Ganga Bridge at Patna has commenced. The House will be happy to note that commencement of work on the Bogibeel bridge over the mighty Brahmaputra will take place during the ensuing Bihu celebrations. We also propose to explore the possibility of other sources of funding for such mega bridges.

37. It was announced in July, 1996 that Udhampur-Srinagar-Baramulla project would be a National Project to be funded from outside the Railway's plan. However, the required funding had not materialised. I express my gratitude to the Hon'ble Prime Minister while informing the House that the Government has recently decided that Udhampur-Katra and Qazigund-Baramulla sections of the project should be completed in a time span of three years and the funds required are to be provided as an additionality. An amount of Rs 300 cr has been proposed for this work during 2002-2003.

38. There are two projects that are being undertaken on strategic considerations, namely, a new line between Kolayat & Phalodi and onging gauge conversion from Luni to Munabao. In view of the fact that these works are being undertaken on strategic considerations, it has been decided that the Ministry of Defence would provide the necessary funds to the Ministry of Railways for their early completion. In the current year, Rs 25 cr have been provided and in the year 2002-2003 it would be Rs 130 cr. These projects will be completed in a specified time frame.

39. In previous budgets, a number of works had been included without obtaining requisite clearances, with the proviso that the work would be taken up after the clearances were received. However, such a procedure has met with criticism. I would like to inform the Hon'ble Members that in pursuance to a decision taken by Cabinet Committee on Economic Affairs, no new projects would be included in the Budget

without requisite clearances being available.

New Lines

40. Sir, I am happy to state that with the completion of Dharmavaram-Puttaparthi section, the new line project from Dharmavaram to Penukonda has been completed. The other sections which will get completed before March, 2002 are:-

- i. Dewas-Maksi of Godhra-Indore & Dewas-Maksi project.
- ii. Gajol-Buniadpur of Eklakhi-Balurghat project.

41. In 2002-2003, Railways propose to complete 214 km of new line which also include following sections: -

- i. Buniadpur-Balurghat to complete the Eklakhi-Balurghat new line
- ii. Joruli-Keonjhar of Daitari-Banspani
- iii. Kumarghat-Manu of Kumarghat-Agartala
- iv. Katra-Faizabad
- v. Daurandha-Maharajganj restoration
- vi. Bajkul-Kanthi of Tamluk-Digha

Gauge Conversion

42. During the current year, the gauge conversion of Amguri-Tuli, Makum-Dangri and Wankaner-Morbi sections has already been completed. The work of new line from Penkakallu-Gooty as part of Guntur-Guntakal gauge conversion project and Lakshmanthirtha Bridge as part of Mysore-Hassan project has also been completed. The remaining two sections i.e. Soni-Bhind and Dhrangadhra-Kuda are also targeted to be completed in this financial year.

43. I am happy to inform the House that with the availability of additional resources, traffic block for gauge conversion for Mudkhed-Nizambabad has already been taken and Mudkhed-Dharmabad gauge conversion will be completed by March, 2002 and Dharmabad-Nizamabad by June, 2002. The Bolaram-Secunderabad section of this project will also be converted in the next few months. The gauge conversion of Luni-Samdari-Jasai will also be completed during 2002-2003.

44. During the year 2002-2003, the following sections are further planned for completion :-

- (i) Latur-Latur Road new line of Miraj-Latur gauge conversion project
- (ii) Vadalur-Vriddhachalam of Salem-Cuddalore
- (iii) Katpadi-Pakala-Tirupati
- (iv) Surendranagar-Pipavav
- (v) Rajkot-Jetalsar of Rajkot-Veraval

Doubling

45. During the current year about 150 km of doubling would be completed, while in the next financial year a target of 250 km has been proposed.

46. Hon'ble members will be happy to know that doubling of Solapur-Pakni, Cheoki-Lohgara of Manikpur-Cheoki, Ahmedpur-Sainthia, Gaya-Chakand, Kanpur-Chandari, Seemapur-Katihar, Kumarganj-Eklakhi and Sambalpur-Rengali sections have been included in this budget. This will ease the traffic flow and create additional capacity on some of the saturated sections.

Railway Electrification

47. I am pleased to inform the house that Railway Electrification works have progressed satisfactorily during the year. The important sections, which have been energized, include Bhubaneswar-Kottavalasa (on Chennai-Kolkata route). Electrification of Sitarampur-Mughalsarai section of the Howrah-Delhi mainline has also been completed. The railways had set an ambitious target of electrification of 2300 route kms during the 9th Plan period. I am happy to inform the House that this target will not only be met but also surpassed. This has been made possible due to additional allocation for the last mile projects during the current financial year.

48. It gives me satisfaction to report that 3 - phase technology E.M.U rakes capable of working both on DC & AC traction have been introduced on the Churchgate-Virar section of Western Railway. Apart from higher speed potential and faster service, these E.M.U.s will also result in 30 % energy saving. This will

also facilitate meeting the increased demand for suburban traffic in Mumbai.

Suburban Transport Projects

49. Sir, I am glad to inform the House that the work on the balance portion of 5th line from Andheri to Borivili is expected to be completed by the end of March. With this the fifth line from Santa Cruz to Borivili would stand completed. Work of automatic signaling from Virar – Dahanu Road is also progressing well and is expected to be commissioned by March 2002, thereby increasing the line capacity of this section.

50. Hon'ble Members would be glad to know that electrification of Circular Railway in Calcutta which was earlier completed from Dum Dum to Talla has since been extended up to Princepghat. The work of electrification of Ranaghat – Bongaon has also been completed. Electrification of Barasat – Hasnabad section is expected to be commissioned in the next financial year.

51. Hon'ble Members are aware that Ministry of Railways had signed a Memorandum of Understanding with Government of Andhra Pradesh for strengthening the existing rail infrastructure for running of commuter services in the city of Hyderabad. Work on phase I of the project for upgradation of railway infrastructure in Secunderabad – Falaknuma and Secunderabad -Hyderabad – Lingampalli section has been taken in hand.

RDSO

52. The Research Designs & Standards Organisation (RDSO), the pioneering R&D wing of the Indian Railways has been in the forefront in developing and adopting new technologies to enhance the reliability of assets and safety in train operations. Some of the important achievements of RDSO during the year 2001-2002 are development of higher axle load wagons to increase throughput, design and development of a state-of-the-art 2300 H.P. Diesel Electrical Locomotive for export, development of fiber reinforced plastic sleepers for girder bridges, development of coaching container flats for handling parcel traffic, development of train actuated warning system at level crossings, etc. To give a thrust to research and development efforts, restructuring of this organisation is being carried out and will be completed during 2002-2003. It has also been decided to provide a world class test track, for carrying out R&D activities, at a cost of Rs 87 cr.

Public Sector Undertakings

53. Hon'ble Members will be happy to know that the performance of the Public Sector Undertakings has been satisfactory during the year 2000-2001. In 2000-2001, IRCON International Ltd. had a turnover of Rs 811 cr and earned a net profit of Rs 66 cr. It paid a dividend of Rs 14.85 cr. Rail India Technical & Economic Services (RITES) achieved the highest ever turnover of Rs 181 cr during the year 2000-2001, recording a net profit of Rs 15 cr and paid a dividend of Rs 2 cr. I am glad to inform the House that RITES has been given the status of mini-Ratna this month. Container Corporation of India Ltd. (CONCOR) had a turnover of Rs 1,075 cr, earning a profit of Rs 217 cr and paid Rs 43.54 cr as dividend. Its turnover increased by 29 % in 2000-2001 as compared to the previous year and the dividend increased by 33%. Indian Railway Finance Corporation (IRFC) earned a net profit of Rs 238 cr. It mobilised a total of Rs 2,950 cr from market in 2000-2001 to supplement the plan resources of Indian Railways. It paid a dividend of Rs 64.96 cr. All these four PSUs have been graded as "Excellent" in their performance.

Konkan Railway Corporation

54. I am glad to inform the House that the Konkan Railway Corporation has consistently been improving its performance. In the last two years the growth in traffic has been of the order of 25% every year. As Hon'ble members are aware, about 70% of the capital cost of the Konkan Railway has been met through market borrowings resulting, in recent years, in heavy fund requirement for debt servicing and redemption. The Railways have been giving continued financial support to this organization. The support extended by the Railways till date is Rs 1,398 cr, of which Rs 744 cr was paid in the year 2001-2002 alone.

Medical Facilities

55. Indian Railways have been providing comprehensive health care to railway men and their families as a vital input in human resource development. Prevention of communicable and non-communicable diseases, monitoring of drinking water quality, monitoring of food quality supplied to Railway passengers, improvement of environmental sanitation and imparting health education are some of the salient components of the services.

55. As result of careful planning and implementation and due to dedicated efforts of the staff, the health care indices of Railway population now are a matter of satisfaction and are comparable to the best available in the country.

RRB

56. Continuing in my efforts to bring about transparency in the recruitment process, recruitment of more categories of staff is being brought under the purview of Railway Recruitment Boards. Accordingly, RPF constables and certain other RPF categories like Sub-Inspector and Inspector and all categories of Group 'D' staff will be recruited through the RRBs.

Sports

57. Sir, I am happy to inform the House that the performance of Indian Railways during the year 2001-2002 has been excellent, and Railway sportspersons have continued to win both at the national and international level. During the year eight sports persons from Railways have been honoured with Arjuna Award, which is an all time record.

58. The Hon'ble Members would recall that, during the discussions on the Supplementary Demands for Grants placed before the House in the Winter Session, 2001 I had mentioned that we will be taking suggestions from Members of Parliament who are associated with and taking keen interest in sports activities. This meeting was held in the month of January, 2002 and I am glad to inform the House that the annual sports budget is being doubled. The sports quota on recruitment in Group C & D has also been increased from the existing 649 to 1200. Members would also be glad to note that the cash award to be given to various awardees of Arjuna, Dronacharya and Rajiv Gandhi Khel Ratna awards has been doubled.

Industrial Relations

59. Indian Railways have continuous dialogue with our staff federations through the Permanent Negotiating Machinery (PNM). There is a regular dialogue with officers as well as staff federations through the forum 'Participation of Railway Employees in Management' (PREM). We have been getting full cooperation and participation of these federations in the measures being identified for cutting costs and for increasing productivity in various areas of our operations, including right-sizing of the staff strength.

Passenger Amenities Year

60. Sir, to celebrate the 150th year of Railway services, I have great pleasure in dedicating the coming year to the Rail traveler and declaring it the Passenger Amenities Year. To commemorate the historic and momentous date i.e., 16th April 1853, when the first train steamed out of Boribunder for Thane, we are introducing sixteen inter-city train services to be called as Jan Shatabdi Express trains. These trains will have most of the characteristics of the current Shatabdi Express trains and will also have specially designed second class chair car accommodation. These trains will, therefore, be accessible to a much wider spectrum of travelling public true to its name of Jan Shatabdi. The 16 pairs of services proposed to be introduced in various parts of the country are as follows:

- (i) Madgaon-Mumbai (Lokmanya Tilak Terminus)
- (ii) Guwahati-Dimapur
- (iii) Raigarh-Raipur -Durg
- (iv) Ahmedabad-Bhuj
- (v) Tatanagar-Ranchi
- (vi) Bangalore-Hubli
- (vii) Ernakulam-Trivandrum
- (viii) Kota-Nizamuddin
- (ix) Bhubaneswar- Howrah
- (x) Dehradun-New Delhi
- (xi) Howrah-Malda Town
- (xii) Varanasi-Lucknow
- (xiii) Chandigarh-New Delhi
- (xiv) Chennai Central-Vijayawada via Gudur
- (xv) Habibganj-Jabalpur
- (xvi) Katihar-Patna

61. Before I come to the other new trains, increase in frequency and extension of existing services, I would like to inform the House about some of the initiatives taken by us to improve passenger amenities.

Unreserved Ticketing System (UTS)

62. We carry about 13 million passengers per day of which 12 million are unreserved passengers. It gives me great pleasure to announce that in the 150th Year of Indian Railways we will be developing

computer based Unreserved Ticketing System. With this system, unreserved tickets can be issued even from locations other than the boarding station. The system will also be able to issue MST and QST, as also have the flexibility of issuing tickets from anywhere to anywhere even for a journey on a future date. For this purpose a pilot project is being launched during the year.

Passenger Reservation System Policy

63. To facilitate the journey of rail users, it has been the endeavour of the Indian Railways to provide PRS centres at maximum number of locations. I have decided to provide PRS centres at stations where the reservation related workload is over 100 transactions per day, apart from important stations and at all District Headquarters.

64. In the current year, PRS terminals have been provided at 90 locations taking the total tally of PRS locations to over 700 by the end of the year. With the implementation of the above policy, in the year 2002-2003, 150 more terminals would be added across the country to commemorate the 150th year of the Indian Railways.

Rail Neer

65. It is our responsibility to provide potable water in Railway premises to our passengers and we have been shouldering this responsibility successfully. Drinking water is regularly tested and any deficiency is immediately rectified. The system in this regard will be further improved and strengthened. I have been receiving complaints regarding the poor quality of bottled water being sold at Railway stations. We have, therefore, decided that the Indian Railways Catering and Tourism Corporation Ltd. will set up plants for manufacture of packaged drinking water under the brand name "Rail Neer". These plants will be set up in a phased manner through out the country. "Rail Neer" will be the exclusive brand to be sold at railway premises and trains to ensure that the Railway user gets quality drinking water. Since the entire investment in the project will be by IRCTC, it will not put any additional burden on Indian Railways finances.

IRCTC

66. The Indian Railways Catering and Tourism Corporation (IRCTC) has been established for upgrading and professionalising passenger amenity services on Indian Railways. It has become functional and has already taken over substantial catering operations from Indian Railways. The departmental catering of Indian Railways will be transferred to IRCTC along with catering staff.

67. IRCTC will commission about fifty Food Plazas at Railway Stations providing wholesome and hygienic food during 2002-2003. A pilot project for provision of six Budget Hotels will also be implemented within this year. I have also directed IRCTC to provide free food to infants less than five years of age and travelling in Shatabdi and Rajdhani Express trains.

68. **Sir, I would now like to mention about introduction of new trains, increase in frequency of trains and extension of services.** Keeping in view the requests received and the requirements assessed, I am happy to announce the introduction of the following additional Express trains:-

- (i) Durg-Bangalore via Gondia, Chanda Fort and Secunderabad (Weekly)
- (ii) Guwahati-Jodhpur-Bikaner via Jaipur (Weekly)
- (iii) Jammu Tawi-Haridwar
- (iv) Sarnath-Rajgir Budh Purnima Express via Gaya (Tri-weekly)
- (v) Durg-Jaipur (Weekly)
- (vi) Bangalore-Gandhidham via Hubli (Weekly)
- (vii) Ahmedabad-Varanasi via Allahabad (Weekly)
- (viii) Hatia-Mumbai (Lokmanya Tilak Terminus) via Gaya, Varanasi (Weekly)
- (ix) Garwa Road-Hatia
- (x) Cannanore-Bangalore (Weekly)
- (xi) Chennai Egmore-Trivandrum via Nagercoil
- (xii) Habibganj-Mumbai (Lokmanya Tilak Terminus) (Weekly)
- (xiii) Bhopal-Howrah (Weekly)
- (xiv) Jaipur-Mumbai (Bandra Terminus)(Tri-weekly)
- (xv) Nanded-Pune (Tri-weekly)
- (xvi) Nizamuddin-Kanyakumari via Villupuram (Weekly)
- (xvii) Howrah-Gorakhpur via Narkatiaganj (Weekly)
- (xviii) New Delhi-Howrah (Biweekly)

- (xix) Indore-Patna via Bhopal-Lucknow (Weekly)
- (xx) Ahmedabad –Rajkot
- (xxi) Berhampur-Bhubaneswar
- (xxii) Vishakhapatnam-Chennai (Weekly)
- (xxiii) Pathankot-Delhi (Tri-weekly)
- (xxiv) Mhow-Chittorgarh.(MG)
- (xxv) Ernakulam-Calicut (In place of 6341/6342 Ernakulam-Trivandrum Express via Alleppey and after introduction of Jan Shatabdi Express between Ernakulam and Trivandrum)

69. Hon'ble Members from the Northeastern States will be happy to note that the Rajdhani train between Guwahati and New Delhi will now run every day as the frequency of 2435/2436 New Delhi-Guwahati Rajdhani Express is being increased from biweekly to four days a week. The frequency of the following pairs of trains is also being increased :-

- (i) 2421/2422 New Delhi-Bhubaneswar Rajdhani Express from bi-weekly to tri-weekly and re-routing via Adra-Kharagpur instead of via Howrah.
- (i) 2805/06 Visakhapatnam-Vijayawada Janmabhoomi Express from six days a week to daily.
- (ii) 5211/5212 Amritsar-Darbhanga Jansewa Express via Narkatiaganj from two days a week to daily. This train will now be known as Jan Nayak Express.
- (iii) 1463/1464 Rajkot-Jabalpur Express from four days a week to five days a week (by extending 1269/1270 Rajkot Bhopal Express to Jabalpur via Itarsi once a week).
- (iv) 5209/5210 Amritsar-Barauni Jansewa Express from five days a week to daily via Bhatni, Chhapra, Shahpur Patoree
- (v) 2129/2130 Pune-Howrah Azad Hind Express from three days a week to four days a week.
- (vi) 6509/6510 Ajmer-Bangalore Express from weekly to bi-weekly.
- (vii) 5049/5050 Gorakhpur-Howrah Express from weekly to bi-weekly and routing via Mau, Indara, Ballia and Shahpur Patoree.
- (viii) 8603/8604 Hatia-Delhi Jharkhand Swarnajayanti Express (via Daltonganj) from bi-weekly to tri-weekly.
- (ix) 8605/8606 Hatia – Delhi Jharkhand Swarnajayanti Express (via Gaya) from bi-weekly to tri-weekly.
- (x) 5025/5026 Godaan Express from weekly to bi-weekly (once a week from Gorakhpur to Mumbai (Lokmanya Tilak Terminus) and once a week from Chhapra to Mumbai (Lokmanya Tilak Terminus) via Bhatni, Mau and Shahganj).
- (xi) 9311/9312 Indore –Pune Express via Vasai Road from weekly to bi-weekly.
- (xii) 4319/4320 Dehradun-Kathgodam Express from weekly to bi-weekly.

70. I am also happy to announce the extension of the following services:-

- (i) 1003/1004 Mumbai-Nanded Devgiri Express to Nizamabad.
- (ii) 5045/5046 Gorakhpur-Ahmedabad Weekly Express to Okha
- (iii) 4231/4232 Lucknow-Saharanpur Express to Chandigarh.
- (iv) 6519/6520 Bangalore-Bangarapet Express to Jolarpettai.
- (v) 8101/8102 Tata-Hatia-Pathankot Express to Jammu Tawi.
- (vi) 6589/6590 Bangalore-Miraj Rani Chennamma Express to Kolhapur.
- (vii) 4859/4860 Delhi-Jodhpur Express to Jaisalmer.
- (viii) 4845/4846 Jodhpur-Ahmedabad Suryanagari Express to Mumbai (Bandra Terminus) four days a week.
- (ix) 5005/5006 Dehradun-Gorakhpur Express (tri-weekly) to Muzaffarpur once a week via Narkatiaganj.

- (x) 8025/8026 Shalimar-Bankura Aranyak Express to Adra.
- (xi) 5302/5305 Kanpur-Kasganj Express to Bareilly (MG)
- (xii) 3245/3246 Danapur-Katihar Capital Express to New Jalpaiguri
- (xiii) 1269/1270 Rajkot Bhopal Express to Jabalpur via Bina-Katni (two days a week)
- (xiv) 4269/4270 Lucknow-Chopan-Shaktinagar-Singrauli Triveni Express to Barwadih by running a link express between Chopan and Barwadih.
- (xv) 8441/42 Bhubaneshwar –Palasa Intercity Express to Srikakulam.
- (xvi) 243/244 Visakhapatnam-Srikakulam MEMU to Palasa.

71. It is my pleasure to inform the House that on completion of electrification of circular railway at Lucknow which is targetted for 31st March, 2002, I propose to introduce circular MEMU service in Lucknow. During the year, MEMU services are also proposed to be introduced between Virar and Dahanu Road and between Palghat Town and Erode. In addition, the following new passenger trains are proposed to be introduced:-

- (i) Guwahati-New Bongaigaon via Goalpara
- (ii) Delhi-Meerut
- (iii) Rewari-Delhi Sarai Rohilla (MG)
- (iv) Pathankot-Jammu Tawi
- (v) Harihar-Hubli
- (vi) Jhansi-Bina
- (vii) Saharanpur-Shamli

Annual Plan 2002-2003

72. Sir, now I would like to present Annual Plan 2002-2003. The Plan outlay for 2002-2003 has been kept at Rs 10,120 cr. Taking into account the outlay of Rs 2,210 cr on safety related works through the Special Railway Safety Fund (SRSF), the total outlay comes to Rs 12,330 cr. This is Rs 1,473 cr higher than the Revised Estimates of last year. Net of SRSF, the increase amounts to Rs 663 cr. For the year 2002-2003, the total funds received from General Exchequer are Rs 5,840 cr, including Rs 1,350 cr as contribution towards the SRSF and Rs 450 cr from the Central Road Fund. The corresponding figure for last year was Rs 5,738 cr, including Rs 898 cr received for last mile projects, Rs 1,000 cr for the SRSF and Rs 300 cr from the Central Road Fund.

73. In addition to the budgetary support, I propose to provide Rs 2,630 cr for plan expenditure through internal resource generation. Although this is Rs 620 cr less than what was budgeted for last year, the positive feature is that the uncertainty in realisation of budgeted earnings is not there. As in previous years, extra-budgetary resources, mainly through market borrowing from the Indian Railway Finance Corporation will provide the balance requirements of the Plan. For the Special Railway Safety Fund, the contribution of the Central Government would be supplemented by collection of safety surcharge expected to be Rs 860 cr, taking the total outlay under SRSF to Rs 2,210 cr.

74. Sir, the thrust of the Annual Plan is expansion and safety. The total outlay under Capital on the five major plan project heads this year has been kept at Rs 2,888 cr with Rs 911 cr on New Lines, Rs 862 cr on Gauge Conversion, Rs 610 cr for Doubling and Rs 237 cr for Electrification. The outlay on metropolitan transport projects has been kept at Rs 268 cr. This, along with the multi-lateral funding expected for MRVC would give an impetus to these projects.

75. In order to give a major thrust to R&D activities, the outlay for Railway research is being doubled. The allocation to the planheads critical to safety has also been increased substantially. The outlay on these planheads, inclusive of outlay given under the Special Railway Safety Fund, is Rs.2703 cr for Track Renewals, Rs. 204 cr for Bridges and Rs.725 cr for Signaling & Telecommunications. These outlays are 46%, 86% and 75% higher than their respective revised estimates for 2001-2002.

Budget Estimates, 2002-03

77. Sir, I shall now deal with the Budget Estimates for 2002-03.

78. The Railways are expecting to carry 510 million tonnes of revenue earnings originating traffic during 2002-03, which is 21 million tonnes more than the traffic of 489 million tonnes likely to be lifted in the current year. The originating passenger traffic is estimated to go up by about 4 per cent resulting in increase in earnings of 10% over the Revised Estimates of the current year. In view of the initiatives taken in the

parcel segment, 'Other Coaching' earnings are expected to grow by 7%. Sundry Other Earnings, for 2002-03 have been estimated at Rs 1,000 cr, representing a growth rate of 11 % over the Revised Estimates of the current year.

79. On the basis of these assumptions, and at the current level of fares and freight rates, the Gross Traffic Receipts (GTR) are estimated at Rs 40,178 cr. This is Rs 2,458 cr higher than the Revised Estimates of the current financial year.

80. Ordinary Working Expenses at Rs 31,160 cr provide for a minimal increase of 7 % over the Revised Estimates of the current year. Appropriation to Pension Fund is placed at Rs 5,990 cr. Based upon the anticipated requirement for plan resources, a provision of Rs. 1978 cr has been made towards Appropriation to Depreciation Reserve Fund .

81. The total Working Expenses will, thus, amount to Rs 39,128 cr leading to the Net Traffic Receipts of Rs 1,050 cr. Net Miscellaneous Receipts are estimated at Rs 1,289 cr, which also takes into account the amount likely to be collected through levy of surcharge on passenger fares for being appropriated to the newly created Special Railway Safety Fund and the Rs 450 cr being received from General Revenues for Railway Safety Works for constructing ROB's or RUB's and manning of unmanned level crossings. Thus, the Net Revenue works out to Rs 2,339 cr.

82. A memorandum on the rate of dividend payable to General Revenues has been submitted to the Railway Convention Committee. Meanwhile, dividend for 2002-03, has been provided at the same rate as adopted for 2001-02. On this basis, dividend liability for 2002-03, works out to Rs 2,679 cr. Pending repayment of a loan of Rs 249 cr taken by the Railway Ministry from the General Revenues, interest of about Rs 17 cr has to be paid annually to them. Accordingly, an amount of Rs 2,696 cr becomes payable to the General Revenues. It gives me immense pleasure in announcing that the entire liability becoming due to the General Revenues in the coming year will be discharged fully.

83. Based on the above projections, there is a "Shortfall" of Rs 340 cr in the receipts over expenditure in 2002-03, due to which the funds required for the Plan fall short by Rs 1,360 cr. This is proposed to be covered through additional mobilisation of resources as detailed below.

84. Sir, I am sure that the august House will recognize the fact that it is in the long-term interests of the railway system that the organisation maintains its financial viability. The Railways have not been passing on fully the cost of running the system on to the users, particularly, the passengers. They themselves have been bearing the financial burden of implementation of the recommendations of the V Pay Commission along with escalation in other inputs. Sir, I feel that the time has now come when the Railways just cannot do without transferring at least some of the increase in the cost of operating the system.

85. Sir, the competitive pressures on Indian Railways in the liberalised economy require the Railway Freight and Fare structure to be made more appropriate to attract larger volumes of traffic.

Freight Services

86. I do not propose across-the-board increase in freight rates for the year 2002-03.

87. Over the years certain anomalies had crept up in the freight structure due to adhoc changes in the freight rates. A need for rationalisation was being felt for quite some time. The freight structure for the Base Class-100 has been rationalised to remove the anomalies and make the freight rates more attractive. This has been done by modifying the taper in the freight structure to provide a smooth reduction in rate per km with increase in distance. As a result the freight rates for the Base Class-100 will be marginally lower in the distance ranges 101 to 165 km and 501 to 1575 km and a minimal increase at other distances. The same taper has been applied to all other classes, which will have an exact percentage relationship with the Base Class-100.

88. At present there are as many as 59 classes for charging freight for different commodities. The freight rate for the highest class is nearly 8 times higher than that for the lowest class. I propose to reduce the total number of classes from 59 to 32. Class-90 will be the lowest class and Class-300 will be the highest class. In the revised classification, the freight rate for the highest class will be 3.3 times higher than that for the lowest class.

89. In the past, while various commodities were exempted from increase in freight rates, certain others were given differential treatment in respect of changes in the freight rates. As a result, 25 classes with suffixes A, B, C, K, M & X had gradually evolved. I now propose to abolish all such classes to remove the anomalies that have crept up. However, keeping in view the essential nature of certain commodities of

common use such as Edible Salt, Fruits, Vegetables, Gur, Jaggery, Shakkar, certain items of Edible Oils, Food Grains, Pulses, Organic Manures, Urea, Fodder and Dry Grass are proposed to be carried at the lowest Class-90. In doing so, there would be an increase in freight charges for some of these commodities. However, such increases will not materially affect the common man, as the incidence of freight increase on the prices of these commodities will be minimal. For example, in the case of Edible Salt the increase in freight rates may affect the price of salt to the consumer by less than a rupee per month for a family of four. Similarly, the impact on the price of Edible Oils and Food grains & Pulses will be negligible and the common man will not feel any hardship on this account.

90. For key commodities like Coal, Iron Ore and Raw materials to Steel Plants etc, there is marginal increase in freight rates due to rationalisation. The freight rates for Iron & Steel, Pig Iron, Cement, most of the Petroleum products and many other commodities would be marginally lower, again as a result of rationalisation. Details of the re-classification of selected commodities, along with existing and proposed freight rates at selected distances, are given in the Memorandum explaining the Budget proposals for adjustment in freight rates and fares. I am ready to consider any other suggestion from the industry that will help in improving the share of railways in the transport sector without adversely affecting the railway revenues.

91. These modifications in the freight rates are expected to yield additional revenue of Rs 450 cr during the year.

Passenger Services

92. Sir, despite increase in the working expenses of Railways there was no increase in the Passenger fares during the last two years. A Safety surcharge on fares was levied from October 2001 to create a non-lapsable Special Railway Safety Fund to wipe out the arrears of replacement of assets in a time bound manner. I, now propose to rationalise the Passenger fares for proper tariff re-balancing by modifying the taper in the fare structure to remove the existing anomalies and making other marginal changes in respect of minimum fares and rationalizing the relativity of fares of various classes.

93. During the Budget for 1999-2000, the policy of rationalisation of fares for different classes of travel, treating the Second Class (Mail/Express) fare as a base, was adopted. Keeping the fares of Second Class (Mail/Express) as index 100, the relativity index for the Sleeper class (Mail/Express) is proposed to be increased from 155 to 160 and that for AC Chair Car from 300 to 350. The relativity index for AC First Class will be reduced from 1440 to 1400 to improve the utilisation of this service and make it more competitive with Air travel. There would be no change in the relativity index for the fares of other classes.

94. The minimum fare for Second Class (Mail/Express) is proposed to be increased from Rs 15 to Rs 16. This minimum fare will be applicable up to a distance of 15 km. The other increases in fares vary from Re 1 to Rs 6 up to a distance of 341 km, which is the average distance of travel for this class.

95. The minimum fare for the Second Class (Ordinary) is proposed to be increased from Rs 3 to Rs 4. This fare will be applicable upto a distance of 10 km. I am fully conscious of the need for providing a cheap mode of transport to the common man. As a result of rationalisation of fares for this class, the fares would be lower by Re.1 to Rs. 2 at certain distances. The maximum increase in the fare for any distance up to 100 km, which is the average distance of travel for this class, would be Rs 3 per ticket. At present there is no fixed relationship between the fare structures of Second Class (Mail/Express) and Second Class (Ordinary). The fares for distances beyond 100 km will be fixed at 55 percent of the Second Class (Mail/Express) fares.

96. I also propose to introduce rationalisation of Monthly Season Ticket fares. At present, the Monthly Season Ticket holders pay for 10 to 19 single journeys as against 50 single journeys normally undertaken in a month. The fares for the Second Class Monthly Season Tickets are proposed to be fixed equivalent to fares for 15 single journeys by Second Class (Ordinary), uniformly for all distances. First Class Season Tickets will continue to be charged at 4 times the Second Class Season Ticket fares.

97. I also do not propose any change in the system of charging for Quarterly Season Tickets, which are charged at 2.7 times the Monthly Season Ticket fares.

98. I do not propose to make any change in existing fare structure for Rajdhani and Shatabdi Express trains.

99. I also do not propose to make any change in the existing rates for booking of Parcel and Luggage, including newspapers and magazines.

100. The above changes in the passenger fares are expected to yield additional revenue of Rs 910 cr during the year.

101. The total additional revenue mobilization on account of these changes in the freight rates and fares is expected to be Rs 1,360 cr during the year.

102. All these proposals will come into effect from 1.4.2002.

103. Sir, I would like to express my appreciation to all railwaymen for their hard work and zeal in taking up the challenge to move this vast organisation to new heights of achievements. Sir, before concluding, I, on behalf of Indian Railways, would again like to express my heartfelt gratitude to Hon'ble Prime Minister and Finance Minister for their continued support to the Railways. I am confident that they would be equally generous during the coming year, as they have been during the current year, and Railways would be allotted additional funds for accelerated completion of projects.

104. Sir, with these words I commend the Railway Budget 2002-03 to the House.
